



General Assembly

February Session, 2012

Raised Bill No. 5400

LCO No. 1772

01772_____LAB

Referred to Committee on Labor and Public Employees

Introduced by:
(LAB)

***AN ACT CONCERNING THE MUNICIPAL EMPLOYEE RETIREMENT
SYSTEM CONTRIBUTION RATE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 7-440 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2012*):

3 (a) Each member shall contribute to the fund:

4 (1) (A) Prior to January 1, 2013, five per cent, (B) on and after
5 January 1, 2013, six per cent, and (C) on and after January 1, 2015, eight
6 per cent of his or her pay as to that portion of pay with respect to
7 which contributions are not to be deducted under section 7-453; and

8 (2) (A) Prior to January 1, 2013, two and one-quarter per cent, (B) on
9 or after January 1, 2013, five per cent, (C) on or after January 1, 2014,
10 six per cent, and (D) on or after January 1, 2015, eight per cent as to
11 that portion of pay with respect to which contributions are to be so
12 deducted, to be deducted from such pay by the municipality and
13 forwarded not less frequently than once a month to the Retirement
14 Commission to be credited to the fund.

15 (3) In the case of [members] a member serving with the armed
16 forces of the United States in time of war, hostilities or national
17 emergency or any acts incident thereto, as provided in section 7-434,
18 the municipality shall forward to the Retirement Commission the
19 contribution required for such member under subdivisions (1) and (2)
20 of this subsection to be credited to the fund [a like contribution] on
21 behalf of such member based upon his or her pay at the time of
22 entering such service.

23 (b) (1) Any member leaving the employment of the municipality
24 before becoming eligible for retirement may withdraw on request to
25 the Retirement Commission the total of all contributions made by him
26 or her, including contributions made to another system and
27 transferred to the Municipal Employees' Retirement Fund under the
28 provisions of section 7-442b, less any retroactive contributions payable
29 by such member under section 7-453 to the Old Age and Survivors
30 Insurance System which have been paid from the fund under the
31 provisions of section 7-451, provided, if no request is made within [ten]
32 five years, such contributions shall revert to the fund. The withdrawal
33 of contributions shall include interest credited from July 1, 1983, or the
34 first of the fiscal year following the date of actual contribution,
35 whichever is later, to the first of the fiscal year coincident with or
36 preceding the date the employee leaves municipal service. Such
37 interest shall be credited at the rate of five per cent per year. In
38 addition, for the partial year during which the employee leaves
39 municipal service or withdraws his or her contributions, whichever is
40 later, interest shall be credited at the rate of five-twelfths of one per
41 cent multiplied by the full number of months completed during that
42 year, such interest rate to be applied to the value of contributions
43 including any prior interest credits as of the first day of that year.

44 (2) Any employee who withdraws his or her contributions from the
45 fund and is subsequently reinstated shall not receive credit for service
46 for such prior employment in the computation of his eventual
47 retirement allowance unless the withdrawn contributions plus interest,

48 if any, have been repaid with additional interest at a rate to be
49 determined by the commission.

50 (3) Any municipality which has made contributions on behalf of any
51 member serving in the armed forces who is not reemployed by the
52 municipality within six months following the termination of such
53 service, unless this period is further extended by reason of disability
54 incurred in such service, shall be entitled to receive from the fund on
55 application to the Retirement Commission the amount of [such] his or
56 her contributions. Any municipality which has made contributions in
57 accordance with subsection (b) of section 7-436b on behalf of any
58 member who leaves the employment of the municipality and
59 withdraws from the municipal employees' retirement system before
60 becoming eligible for retirement shall be entitled to receive from the
61 fund on application to the Retirement Commission the amount of such
62 contributions.

63 (4) In case of the death of a member before retirement, who has not
64 elected a retirement income option in accordance with the provisions
65 of this part or who has made such election but has not completed the
66 age and service requirements that would permit him or her to retire on
67 his or her own application, or after retirement without having made
68 such election, or in case of the death of the survivor of a member who
69 has made such election and his or her spouse after a retirement
70 allowance has become payable, his or her contributions to the fund
71 plus such five per cent interest, if any, less any retirement allowance
72 paid to him or her or his or her spouse, and less any retroactive
73 contributions paid by such member to the Old Age and Survivors
74 Insurance System which have been paid from the fund under the
75 provisions of section 7-451, shall be paid from the fund on the order of
76 the Retirement Commission to the beneficiary or beneficiaries, if any,
77 named by such member. If no named beneficiaries survive the
78 member, or the survivor of the member and his or her spouse,
79 payment shall be made to the executors or administrators of such
80 member or his or her spouse, as the case may be, except that, if the

81 amount is less than five hundred dollars, the refund may be made, at
82 the option of the Retirement Commission, in accordance with the
83 terms of section 45a-273.

84 Sec. 2. Subsection (b) of section 7-441 of the general statutes is
85 repealed and the following is substituted in lieu thereof (*Effective*
86 *October 1, 2012*):

87 (b) [All] (1) Prior to January 1, 2013, all participating municipalities
88 shall pay monthly to the Retirement Commission to be credited to the
89 fund such proportion of the pay of all members employed by such
90 municipality as is determined from time to time by the Retirement
91 Commission on sound actuarial principles to be necessary in addition
92 to the contributions by members to provide future pensions based on
93 service rendered by members subsequent to the effective date of
94 participation as defined in section 7-427 other than the excess pensions
95 referred to in subsection (a) of this section.

96 (2) On or after January 1, 2013, forty per cent of the amount to be
97 paid by the municipality pursuant to subdivision (1) of this subsection
98 may be deducted by the municipality from the pay of all members
99 employed by the municipality. Such deduction shall be prorated for
100 each member in accordance with the amount of such member's
101 contribution under subsection (a) of section 7-440, as amended by this
102 act.

103 (3) In the case of members serving with the armed forces of the
104 United States in time of war or hostilities or national emergency,
105 whether declared or undeclared, or any acts incident thereto, as
106 provided in section 7-434, the municipality shall forward to the
107 Retirement Commission to be credited to the fund a like contribution
108 based on the pay of such member at the time of entering such service,
109 in addition to paying the member's contribution as provided in section
110 7-440, as amended by this act. If such member is not reemployed
111 within six months following the termination of such service, unless
112 this period is further extended by reason of disability incurred in such

113 service, the municipality shall be entitled to receive from the fund, on
114 application to the Retirement Commission, the amount of [such] his or
115 her contributions.

116 (4) If the Retirement Commission should find that the payments
117 made to it under this subsection by any municipality have been more
118 than sufficient because such municipality has elected to provide Social
119 Security coverage for its employees, the commission, using sound
120 actuarial principles, shall determine a refund, or a credit which shall be
121 applied to the payments required of the same municipality under
122 subsection (a) of this section in a manner to be determined by the
123 commission. Any refund or credit received by a municipality shall be
124 refunded or credited to the municipality and each member employed
125 by the municipality in the same proportion as the amount contributed
126 pursuant to subdivision (2) of this subsection.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2012	7-440
Sec. 2	October 1, 2012	7-441(b)

Statement of Purpose:

To increase the contribution rate for members of the municipal employee retirement system.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]